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Adam Smith as Theologian

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Contents

Preface vii

ANTHONY WATERMAN

Introduction: Theological Readings of Smith 1

PAUL OSLINGTON

PART I

Smith in Context

1 The Influence of Religious Thinking on the Smithian Revolution 19

BENJAMIN M. FRIEDMAN

2 Adam Smith, Theology and Natural Law Ethics 24

JOHN HALDANE

3 Sympathy and Domination: Adam Smith, Happiness and the
Virtues of Augustinianism 33

ERIC GREGORY

4 Christian Freedom in Political Economy: The Legacy of John
Calvin in the Thought of Adam Smith 46

JOE BLOSSER

5 Divine Action, Providence and Adam Smith's Invisible Hand 61

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PART II
Analysis and Assessment of Adam Smith's Theology

6	Adam Smith, Natural Theology, and the Natural Sciences PETER HARRISON	77
7	How High Does The Impartial Spectator Go? JAMES OTTESON	92
8	Adam Smith's Theodicy BRENDAN LONG	98
9	From Civil to Political Economy: Adam Smith's Theological Debt ADRIAN PABST	106
10	Man and Society in Adam Smith's Natural Morality: The Impartial Spectator, the Man of System and the Invisible Hand ROSS B. EMMETT	125
11	A Visible Hand: Contemporary Lessons from Adam Smith PAUL S. WILLIAMS	133
	<i>List of Contributors</i>	143
	<i>Index</i>	145

Preface

The charitable reader of this book will forgive the anachronism of its title. Adam Smith was not a 'theologian.' Nor was he an 'economist.' These are present-day labels for present-day intellectual enterprises. There has been much division of labour in the academic industry since Smith's day. The modern university is an ever-expanding pin factory. Though some lines of descent may be traced, there is little resemblance between the kind of work we do now and the kind of work that Adam Smith did at Glasgow in the 1750s, or that William Paley did at Cambridge in the 1760s.

In the 18th century the learned were known as 'men of letters.' Only in the 19th century did the new genus 'men of science' appear. But at least since the Renaissance men of letters had often specialized in either 'divine letters' or 'humane letters.' The former, known in the 18th century as 'divines,' studied the Bible and the Fathers, the history and development of church doctrine, what in the 18th century were known as 'natural' and 'revealed' theology, respectively, and what we might today call 'philosophical theology' and 'philosophy of religion.' The latter, originally known as 'humanists,' studied the literature of classical antiquity, history and philosophy—including both the 'natural philosophy' of Newton that we now call 'science,' and 'moral and political philosophy' both classical and modern.

Yet even this specialization was never complete, in Britain at any rate, before the mid-19th century. Partly because of the requirements of the university curriculum, which existed both to train the clergy of the national church and to educate the next generation of the ruling class in their responsibilities and duties, academics such as Smith and Paley had to keep a foot in each camp. Though today Paley is remembered chiefly as a divine, his lectures in moral and political philosophy contained matter we can clearly identify as 'economic analysis' and which led Keynes to call him 'the first of the Cambridge economists.' Though Adam Smith is generally thought of as the father of what his English successors called 'political economy,' he lectured at Glasgow on natural theology among other things, and his published works contain much that is now recognized as 'theology'—not to mention ethics, history of science, psychology, linguistics, aesthetics and literary criticism. But in fact both Paley and Smith were regarded, and

9 From Civil to Political Economy

Adam Smith's Theological Debt

Adrian Pabst

INTRODUCTION

Since the onset of the global economic crisis in 2007, critics of the neoliberal 'Washington consensus' have looked to Adam Smith for an alternative to the hitherto prevailing intellectual orthodoxy. Such critics are right to insist that Smith is wrongly portrayed as a precursor of either neoclassical economics or capitalist market fundamentalism—or indeed both. In different ways, economists, philosophers and historians as diverse as Amartya Sen, Knud Haakonssen, David Raphael, Emma Rothschild, Andrew Skinner, Donald Winch and Giovanni Arrighi have all shown that Smith is a theorist of the market that is governed by noncommercial values like prudence and generosity which serve the quest for social justice rather than simply the pursuit of private profit. The link between the *Theory of Moral Sentiments* (first edition, 1759) and the *Wealth of Nations* (first edition, 1776) is the shared ethical foundation of economic activity and social existence¹.

Smith's works of moral philosophy and political economy suggest that without institutions and practices that foster moral sentiments and uphold reciprocal trust, human self-interest mutates into excessive risk-taking in the search for individual benefits. Likewise, the 'fellow-feeling' of responsive agents turns into the ruthless speculation of 'prodigals and projectors'. By contrast, Smith's idea of the 'invisible hand of the market' is an argument in favour of virtues and qualities such as prudence, justice, humanity, generosity and public spirit. Far from licensing the domination of free-floating capital and oligarchic ownership, Smith's morally embedded market economy—so the argument goes—uses economic production and exchange in order to foster intellectual emancipation and social progress as well as promote political enlightenment and civil society.

The present essay contends that this progressive reading of Smith ignores the influence of theological concepts and religious ideas on his work, notably three distinct strands: first, 17th- and 18th-century natural theology; second, Jansenist Augustinianism; third, Stoic arguments of theodicy. Taken together, these theological elements help explain why Smith's moral philosophy and political economy intensify the secular early modern and

Enlightenment idea that the Fall brought about 'radical evil' and a 'fatherless world' in need of permanent divine intervention. As such, Smith views the market as a divine regulation of human sinfulness and an instrument to serve God's providential plan. Indeed, the 'invisible hand of the market' represents a nominalist realm where human cooperation intersects with divine providence, blending private self-interest with the public commonweal.

I will also argue that Smith's conception of a morally neutral market is ultimately incompatible with creedal Christianity, in particular orthodox catholic Christian ideas of the common good in which all can share and the practice of charity for those most in need who have been abandoned by state bureaucracy and the marketplace. The main reason is that Smith, not unlike Calvin, tends to divorce human contract from divine gift by dividing the theo-logic of gratuitous reciprocal giving from the economic logic of contract—a dualism that bears an uncanny resemblance with Suárez's Baroque scholasticism of which Smith's friend David Hume was rightly critical. In particular, the Reformation and Counter-Reformation theology of Calvin, Luther and Suárez sunders 'pure nature' from the supernatural and develops a 'two ends' account of human nature, according to which human beings have a natural end separate from their supernatural finality. So instead of participating in the divine *oikonomia* of asymmetrical gift-exchange, human society and the economy operate autonomously and are ordered toward a purely natural end.

Perhaps most significantly, Smith conceptualizes the market mechanism as both a fundamental precondition for interpersonal relationality and at the same time separate from the sociality it engenders. Smith's anthropology hovers halfway between Machiavelli and Mandeville's *homo oeconomicus* in the search for maximal profit, on the one hand, and the diametrically opposed conception of man as a gift-exchanging animal striving for mutual social recognition, on the other hand. By viewing market exchange as separate from the private virtues of benevolence, justice and prudence, he introduces a split between the exercise of moral virtues and the operation of commercial society. Such a divide is wholly foreign to the project of an overarching civil compact in the writings of Smith's contemporary Antonio Genovesi and other members of the Italian schools of civic humanism and civil economy². In consequence, Smith's oeuvre marks a decisive shift from civil to political economy.

1. SMITH'S INDEBTEDNESS TO NEWTONIAN NATURAL THEOLOGY

Pace Amartya Sen and the other proponents of Smith's 'progressive' rehabilitation, the *Theory of Moral Sentiments* (TMS) and the *Wealth of Nations* (WN) are not primarily concerned with reflections on behavioural norms and social institutions that Smith deemed indispensable for an efficient

and effective operation of the market. Rather, the overriding objective of Smith's moral philosophy and political economy is to show how and why human agency is compatible with divine providence. Such an endeavour can only be properly understood in the wider context of 17th- and 18th-century science, in particular modern natural theology.

Broadly defined, natural theology is a science that seeks to prove the existence of God and divine purpose based on observing nature and using human reason. As such, it is distinct and separate from the science of revealed theology that views God and divine purpose as unintelligible to human understanding and therefore focuses on scriptural revelation and supernatural faith. By contrast with the patristic and medieval fusion of theology with philosophy and faith with reason, modernity successively separated philosophy and physics from theology which the Church Fathers and Doctors had viewed as the queen of the sciences.³ In this process, faith was sundered from reason, and reason was gradually reduced to the narrow rationality of logical deduction, mathematical calculation and scientific experimentation, notably in the work of Robert Boyle, who was one of the main 17th-century natural theologians.⁴

Partly as a reaction against this aporetic dualism between blind faith and instrumental reason, the Scottish (and the Italian) Enlightenment of which Smith was a leading figure sought to retrieve pre-rational feelings or passions as an intermediary sphere that mediates between rationality and religious belief. Instead of opting for an agnosticism that perpetuates the split between discursive reason and ineffable faith by bracketing the emotions (as Wolff, Kant and other influential modern philosophers would do), Italian Renaissance and Scottish Enlightenment philosophers like Vico, Hume and (to a much lesser extent) Smith viewed the public realm predominantly as one of sympathy governed by social bonds of mutual help and reciprocity giving—a vision that expresses both the reasonableness of religious belief and the pre-rational trust involved in reasoning. Thus, conventional discussions of Smith in terms of Baconian empiricism *versus* Cartesian rationalism entirely miss the point that his moral philosophy (not unlike Hume's) is part of a 'third way' that attempts to blend experience with rationality and views moral sentiments as in some sense prior to both faith and reason.

However, Smith is much more indebted to the natural theology that Hume repudiates in his posthumously published *Dialogues Concerning Natural Religion*. Here one has to distinguish between two very different schools of natural theology that emerged in 17th-century England and shaped the Scottish Enlightenment⁵: first, John Wilkins and Robert Boyle who focused on the lawful operation of the universe under a providential order and, second, the Cambridge Platonists led by Ralph Cudworth who shifted the emphasis to the wondrousness of nature disclosed by the vision of beauty and also by spiritual experience of the entire cosmos. Like his fellow political economists and other figures of the Scottish Enlightenment, Smith was profoundly influenced by Isaac Newton's development

and transformation of Wilkins and Boyle's natural theology. It was Colin Maclaurin's essay on the Newtonian 'system' (circulating since 1728 and published in 1748 as *An Account of Sir Isaac Newton's Philosophical Discoveries*) that provided the principal source for Smith's knowledge of Newton's natural theology.⁶

By contrast with the more holistic perspective of England's Platonic Renaissance at Cambridge, Smith embraced Maclaurin's more experimental and antisystematic variant of Newton's natural theology—a methodology that applies equally to physics and ethics and underpins both Smith's moral philosophy and his political economy (a key issue to which I will return in the following sections). Indeed, Maclaurin's Newtonian perspective sees true religion as entirely separate from either Aristotelian or Cartesian systems and their quest for primary causation or first principles. Likewise, Smith seeks to overcome the legacy of Baroque Scholasticism by transforming and developing the tradition of natural law in the direction of an empirical and evolutionary science of society governed by moral laws. That is why Smith repudiates not only the a priori foundation of Aristotelian and Cartesian rationalism but also the artificial character of Hobbesian and Lockean contractualism.

More specifically, Smith's debt to Newton's natural theology is significant for the following reasons. First of all, Smith inherits from Wilkins and Boyle via Newton a 17th- and 18th-century conception of natural theology as divine physics. God is a being which is invoked as a causal explanation on a level with other causes, either as first cause which alone is *causa sui* or as an intervening cause (or indeed both). From John Ray via William Derham to William Paley, this strand of natural theology or divine physics purports to provide proofs for God's existence and divine purpose for creation based on arguments about design, independently of divine revelation or supernatural faith.⁷

However, Smith—unlike some English natural theologians—is sceptical about whether we can ever fully know the principles of reality in itself. That's why he rejects overarching systems like Aristotle's and Descartes' in favour of Boylean and Newtonian scientific experimentation. Instead of devising a systematic philosophy of knowledge, natural theology is itself constituted by practical experiments that provide a basis for inductive reasoning to general principles like gravity or inertia. These principles stand somehow between empirical phenomena and the metaphysical structure of reality—a position that seeks to overcome the opposition between empiricism and rationalism which is fundamentally different from Kant's transcendental idealism. For natural theologians like Smith, such and similar intermediate principles are equally applicable in divine physics, moral philosophy and political economy.

Second, Smith, not unlike Newton, believes that there are certain arguments from design in nature to God and then adds to these arguments about design in the human and social realms. As Sergio Cremaschi has

documented, Newton deploys a new natural theology to ground a renewed moral philosophy. In Query 31 of *Optics*, he writes that "And if Natural Philosophy in all its parts, by pursuing this method, shall at length be perfected; the bounds of Moral Philosophy will be also enlarged"⁸. Newton's argument is that there is a physico-moral analogy between a self-regulating natural cosmos and a self-governing human society. In the same vein, Adam Smith's teacher Francis Hutcheson suggests that there is a parallel link between the physical principles of inertia and gravity as well as the moral virtues of self-love and benevolence.

This theme recurs in Smith's own work in the form of an argument that harmonious stability and equilibrium in the natural world provide the condition for harmonious stability and equilibrium in society and the economy. Underpinning the unity of Smith's moral philosophy and political economy is Newton's method. In his *Lectures on Rhetoric*, Smith states that "the Newtonian method is undoubtedly the most philosophical and in every science, whether of Moral or Natural Philosophy, etc., vastly more ingenious, and for that reason more engaging, than the other [i.e., the Aristotelian]"⁹. For the Glasgow Professor of Moral Philosophy, Newton's empirically deduced principles of inertia and gravity that try to explain the irregular movements of planets seem to offer a better account of the universe and the social world than either Bacon's empiricist natural philosophy or Aristotle's metaphysical theory of causation or Descartes' rationalist system of first principles, as I have already indicated. These laws of nature that are grounded in Newtonian natural theology constitute the link between divine physics, moral philosophy and political economy.

Third, Smith differs from Newton in that he applies the concept of 'laws of nature' primarily to moral faculties rather than the physical world or the entire cosmic reality. In *The Theory of Moral Sentiments* he writes that "those general rules which our moral faculties observe in approving or condemning whatever sentiment or action is subjected to their examination, may much more justly be denominated such [natural laws]" than possible regularities in nature. These moral laws are "viceregents of God within us"¹⁰. That is why Smith thinks that moral laws are better examples of natural laws than physical regularities in the material universe. In the same passage in the *Theory of Moral Sentiments*, Smith describes "those general rules which our moral faculties observe [...] have a much greater resemblance to what are properly called laws, those general rules which the sovereign lays down to direct the conduct of his subjects".

Here Smith fuses Newtonian natural theology with one strand of the natural law tradition, not the metaphysical realism of Aquinas's concept of eternal law (*lex aeterna*) from which the law of nature derives but instead the ontological nominalism and voluntarism of Ockham's concept of God's absolute power (*potentia Dei absoluta*) which imposes divine law on the world:

The wise and virtuous man [...] should, therefore, be equally willing that all those inferior interests should be sacrificed to the greater interest of the universe, to the interest of that great society of all sensible and intelligent beings, of which God himself is the immediate administrator and director [...] Nor does this *magnanimous resignation to the will of the great Director of the universe* seem in any respect beyond the reach of human nature¹¹.

By contrast with Aquinas's Neo-Platonist synthesis of philosophy and theology, Ockham's emphasis on ontology as the science of individual things sundered natural theology from revealed theology and paved the way for the increasing autonomy of modern physics from theology as the queen of the sciences. In turn, this conception prepared Galilean physical science on the basis of which Newton forged the image of the clock and the watchmaker¹². Crucially, it is the absence of an overarching telos that can bind together individual parts of the world which requires the superimposition of a system of laws through *potentia Dei absoluta*. Linked to this is the primacy of the will over the intellect (*contra* Neo-Platonist metaphysical intellectualism and realism) and the separation of the inner nature of individual entities from the outer laws which regulate them (*contra* the Neo-Platonist idea that individual substances only exist and operate by participating in the divine act of being that governs them relationally by endowing all things with a share of being and goodness).

Fourth, since both Newton and Smith reject the idea of final causality, they too must appeal to a divinely imposed set of natural and moral laws in order to account for patterns of regularity and tendencies toward stable equilibria¹³. Recently a debate has arisen on this issue, notably as to whether Newtonian concepts determine Smith's economic theories on general equilibria¹⁴ or whether Smith's political economy is decisively shaped by Newton's account of divine action and providence¹⁵. While there is textual evidence in support of both interpretations, surely the wider argument has to be that Smith is indebted to Newtonian natural theology on both accounts, precisely because stability in society and the economy requires both natural laws and divine intervention. For our postlapsarian condition is one of ignorance in relation to the metaphysical structures of the world. Since the Newtonian natural law is derived from empirical experimentation and the human mind can only know intermediate principles, society as a whole requires God's intervening providence to attain stability.

Fifth, the consequence of the two above arguments is that Smith does not so much switch the providential focus from physics to ethics as he naturalizes morality. He extends and transforms Newton's natural theology to naturally given morality and the social order. Like his fellow Scots philosophers, Smith shifts the emphasis from 'human making' and 'social contract' (as found in Hobbes, Locke and Rousseau) to 'given nature' and

'natural providence'. Since the Scottish Enlightenment embraced the idea of indomitable forces of nature, Smith thinks in terms of given 'sympathy' and how it operates naturally in society—not in terms of a Cartesian (or, later, a Kantian) reasoning morality based on first principles or intuitions. Here one can go further and say with the French philosopher of science Bruno Latour, that in modern natural and social science there is an *aporia* between human artifice and unalterable nature¹⁶. Smith appeals to the 'invisible hand of the market' in order to bridge the gap between a self-regulating natural cosmos and a self-governing human society.

Sixth, instead of viewing the creator's relations to his creation in terms of continuous creative activity (as for patristic and medieval 'natural theologians'), Smith's Newtonian natural theology shifts the emphasis on God as an intervening cause that orders the postlapsarian chaos. By eschewing the synthesis of natural intimations of the supernatural good in God and the idea of cosmic relationality advanced by the Cambridge Platonists, Smith views sympathy, benevolence and 'fellow-feeling' as immanent, pre-rational moral sentiments which neither reflect nor require for their operation an ultimate transcendent source of goodness governing the whole of reality. Moreover, the shift of focus from the cosmic to the social realm reinforces the early modern protosecular separation between the immanence of nature and the transcendence of the supernatural. Once the whole of reality is effectively divided into 'pure nature' (*pura natura*) and the supernatural (a division which we owe to the 16th-century neoscholastic theology of Francisco Suárez), then natural theology has a tendency to reduce the cosmos to an empirically intelligible set of natural phenomena and natural law to a set of moral laws imposed by God's absolute power (as Ockham first argued)¹⁷.

Finally and crucially, the very idea of 'pure nature' and the primacy of the human individual self over the public social collective draw on a theology of the Fall and original sin which a number of Reformation and Counter-Reformation theologians wrongly attributed to St Augustine. It is this distorted, Jansenist Augustinianism that we find evidence of in Smith's natural theology, too—a topic I turn to in the following section.

2. WHOSE AUGUSTINE? WHAT AUGUSTINIANISM?

Broadly speaking, Smith can be linked to St Augustine in several ways. First, Smith's conception of evil in terms of moral corruption such as greed and the all-too-human will-to-power seems to reflect Augustine's account of the Fall and sin defined as the product of human curiosity and the tendency of fallen men to be self-seeking and individualist. Second, Smith's defense of the market as an example of a divinely regulated providential order appears to mirror Augustine's definition (in *De Civitate Dei*) of the state as both God's punishment and God's remedy for sin (*remedium*

peccatorum)¹⁸. Third, Smith's focus on the interaction between self-interest and benevolence seems to resonate with Augustine's reflections on the interplay of self-love and love of the neighbour, not least in the way that the Bishop of Hippo also appears to suggest that the moral laws of nature are to be found in the mental recesses of the 'inner man' rather than the phenomenal reality of the 'outer world' which is fallen and disordered.

However, Smith's theory of evil and his conception of theodicy are clearly incompatible with Augustine's theology. First of all, Augustine defines evil as privation of the good (*privatio boni*). So configured, evil has no being in this sense that it cannot and does not exist without the good which it denies and undermines. How so? By turning away from the highest good in God, creation—not the creator—brings evil into existence. Evil neither exists by itself nor by participation in the goodness of good. For Augustine, evil is real only insofar as it is parasitical upon the good¹⁹. As such, evil is contrary to God's creation and divine providence alike. Smith also believes in the goodness of "original principles in human nature" but, contrary to Augustine's Christian Neo-Platonism, Smith follows a Stoic conception of evil as compatible with the divine plan for the world:

If he [the wise and virtuous man] is deeply impressed with the habitual and thorough conviction that this benevolent and all-wise Being [God] can admit into the system of his Government, *no partial evil which is not necessary for the universal good*, he must consider all the misfortunes which may befall himself, his friends, his society, or his country, as necessary for the prosperity of the universe, and, therefore as what he ought not only to submit to with resignation, but as what he himself, if he had known all the connections and dependencies of things, ought sincerely and devoutly to have wished for [italics added]²⁰.

As such, Smith limits evil to the corruption of human virtuousness, whereas Augustine views evil as both metaphysical and moral. The problem with Smith's natural theology is that it ignores the ontological dimension of evil and at the same time, introduces evil into God's providential plan—an idea that is against Augustine's definition of evil as privation of the supreme good in God which diminishes the imperfect goodness of creation. As a result, Smith's conception of evil is diametrically opposed to Augustine's.

Second, Smith's partly Stoic account is not at all attributable to Augustine but instead can and must be traced to Jansenist Augustinianism, in particular the work of the Jansenists Pierre Nicole and Jean Domat, as Gilbert Faccarello and Jean-Claude Perrot have extensively documented²¹. Domat argued that God admits evil into the world because God could use evil as a remedy by deriving good from it. Likewise, Nicole claimed that the evil of sin and moral corruption can be used to serve God's providential plan. These and other ideas of Jansenism were developed and transmitted to French and British political economists by Pierre le Pesant de

Boisguilbert (1647–1714) and Cantillon's *Essay* of 1755. The latter was studied by Mandeville, Hume, Quesnay and Smith himself.²²

The conceptual link between the Jansenists, the Physiocrats and Smith is the concept of self-love. Unlike Mandeville, Smith does not associate self-love with private vice. Like the Jansenists, Smith views self-love as a defect that is not so much the effect of original sin and the corrupt condition of postlapsarian humanity but rather part of God's providential plan for the world after the Fall: "But every part of nature, when attentively surveyed, equally demonstrates the providential care of its Author; and we may admire the wisdom and goodness of God even in the weakness and folly of man."²³ In other words, Smith naturalizes sinfulness and in fact regards the reality of human sin as an instance that requires divine providential intervention.

By contrast, Augustine relates self-love to concupiscence, which is a disordered desire caused by original sin. Left to itself, it is one of the governing principles of the earthly city which produces more evil and requires remedy. If, however, self-love is transformed by reordering desire toward love of God and love of the neighbour, then it can help actualize the divinely given potential for human divinization or deification and the partial realization of the City of God on earth, as Augustine argues.²⁴

Third, all this matters because it explains why—pace Anthony Waterman—Smith's natural theology is neither 'quasi-Augustinian' nor one among a range of 'allowable' Christian attempts to conceptualize evil or to make sense of the idea of theodicy.²⁵ Smith reduces Augustine's vision of a natural orientation toward the supernatural good in God to a set of moral sentiments that, coupled with divine intervention, induce individual moral conduct and also maximize the greatest happiness (of the greatest number).²⁶ Instead of embracing an Augustinian Neo-Platonism account that accentuates human perfectibility and degrees of goodness, Smith's rejection of modern skepticism and fatalism tends toward a position that ultimately oscillates between fideism and agnosticism—a dialectic of voluntaristically imposed divine law and the residually nominalist artifice of economic regularities (which are themselves correlations between cosmic-natural and social-human laws).

Moreover, Smith introduces a dualism between the inner moral constitution of man and his social nature and also between the private sphere and the public realm.²⁷ This is reflected in Smith's sharp distinction between private and public virtues, and also between the thick ties of family and friends, on the one hand, and the thin social bonds of commerce with the rest of society, on the other hand. In turn, his dualistic conception underpins his notorious claim in the *Wealth of Nations* that we should not be concerned with the welfare of our butcher, brewer and baker—a position that is quite clearly incompatible with the orthodox catholic Christian vision of the mutually augmenting dynamic triad of love of self, love of neighbour and love of God.

Unlike the tradition of virtue ethics stretching from Plato via Aristotle and St Augustine to St Thomas Aquinas and the Cambridge Platonists, Smith is closer to modern concepts of intersubjective individual nature than to pre-modern ideas of an objective and relational cosmic order. Whereas pre-modern conceptions emphasize the mutual mirroring of moral and civic virtue (and do not divide virtues into public and private ones), Smith's moral philosophy and political economy tend to view public virtues of liberty and equality as separate from private virtues of prudence and benevolence, with justice hovering somehow between both spheres.

Fourth, the separation of private from public virtue in Smith's moral philosophy can be traced to 17th-century natural theology. As John Milbank argues in *Theology and Social Theory*, Smith inherited from the English natural theologians and from David Hume the idea of grounding "the moral in something specifically pre-moral, natural and sub-rational, namely our common animal inclinations and aversions, and our ability to place ourselves imaginatively in the position of others. This moral philosophy will not permit public laws and institutions to be considered under the common goals of virtue, but construes them only in terms of their usual empirically observable effects upon individuals [...] Political economy therefore defines itself at the outset by obliterating the Christian sphere of public charity."²⁸ While Milbank has since then revised his appraisal of Hume²⁹, he is surely right to insist that Smith's moral philosophy undermines the sense in which the theo-logic of charitable giving ought to be part of the anthropo-logic of contract and market exchange—even if Smith does stress the importance of laws and institutions in relation to virtue. By contrast with Smith's dualistic ethics, Christian Neo-Platonists from Augustine to Cudworth developed a relational anthropology and ethics whereby the individual is always already inscribed in a set of primary, real relations within an objective ordering of relations between creation and creator rather than based on inner moral sentiments and the human construct of the 'impartial spectator'.

Fifth, it follows from all these above mentioned differences with Augustine that Smith defends a conception of justice and charity that can only be described as anti-Augustinian and theologically questionable. Augustine's account of justice is based on the theological idea of a cosmos wherein each creature occupies a unique station in the relational order of creation and partakes of the common good. Concretely, Augustine's account of justice is not just commutative but also distributive and social, placing the importance of human relationships of gift-exchange and shared ownership above considerations of procedural fairness or justice divorced from a substantive account of the good. By contrast, according to Smith neither the real relations that pertain among all things in the natural world nor the public realm provides the foundations for justice. Rather, it is the gradual limiting of particular self-interest by other

particular self-interest. As a result, Smith's idea of justice lacks any cosmic reality and is instead limited to human moral faculties and a set of laws imposed through absolute divine power.

Sixth and finally, the Fall destroyed any perceptible link between creator and creation and thus erased God from the phenomenality of the world—a condition which Smith calls our “fatherless world”³⁰, characterized by distrust, uncertainty and fear. In consequence, divinely instilled moral sentiments are necessary but insufficient to bring about socially harmonious outcomes that are stable and predictable. In addition to the general providential order of moral laws, Smith posits the special providence of the ‘invisible hand’ in order to restrain human sin such as greed and stabilize the overall economy (as Paul Oslington argues in his contribution to this volume). Crucially, Smith views the special providence of the ‘invisible hand’ as a response to human sinfulness in the ‘fatherless world’. From a properly Augustinian perspective, this sort of ‘natural theology’ privatizes both justice and charity because above and beyond general providential action based on private self-interest, there is no objective public order that can ground relations among humans or between humans and the ‘natural order of things’—which, for Smith, is controlled by God’s *potentia absoluta* and therefore beyond the power of human agency. Moreover, to associate special providence with the ‘invisible hand’ is to draw in part on a certain ontology that resembles that of Leibniz, one of the founding fathers of 18th-century ideas on theodicy—a link with Smith’s natural theology which I explore in the following section.

3. MARKET THEODICY: A SHORT EXCURSUS ON SMITH AND LEIBNIZ

Smith’s theodicy is commonly associated with Augustinian theology and Newtonian ‘divine physics’. However, Smith’s theological debt extends far beyond Newton to the wider Enlightenment critique of Neo-Platonist metaphysics and medieval theism, as well as to the influence of Jansenist Augustinianism—as I have argued in the previous sections. In the present section, I will suggest that Smith’s own version of theodicy in terms of general and special providence cannot be fully understood without reference to some elements of Leibniz’s philosophical theology.

Before I spell out this argument, let me make clear that Smith differs from Leibniz in at least two respects. First, Leibniz’s system is built on the idea of God’s original design of the world and its evolution, not on regular natural or moral laws and irregular divine intervention. Second, Leibniz places greater emphasis on providence than human agency. By contrast, Smith repeatedly stresses the importance of human cooperation with divine providential action. For instance, he writes in the *Theory of Moral Sentiments* that “[b]y acting according to the dictates of our moral faculties, we

necessarily pursue the most effectual means for promoting the happiness of mankind, and may therefore be said, in some sense, to cooperate with the Deity, and to advance as far as in our power the plan of Providence”³¹.

There are nonetheless a series of similarities between Leibniz’s and Smith’s use of the concept of theodicy. Since Leibniz first coined this term, the theological reasoning which informs the modern concept of theodicy is that God somehow considered each and every possible world before deciding on which one to actualize. Logically speaking, God could have chosen to create another world with a different kind of natural law or indeed without any natural laws at all. However, divine perfection implies that God must have created “*le meilleur des mondes possibles*”—the best of all possible worlds, as G. W. Leibniz put it in his essay *Théodicée* of 1710. As a result of Leibniz’s principle of sufficient reason and his principle of plenitude, the mark of the divinely chosen world is that it contains more existing things and actual events than any other set of individual substances (or monads).

Based on this crude summary, it is possible to highlight at least two parallels between Leibniz and Smith. First of all, divine benevolence, according to Leibniz, signifies that “the best of all possible worlds” minimizes evil and that actual evil happens for the greater good of the greatest number. Smith would have disagreed with the former argument, but not with the latter—as the above quoted passage in the *Theory of Moral Sentiments* attests (*TMS*, VI, ii, 3). Like Leibniz and unlike Augustine, Smith believes that evil is somehow part of God’s providential plan. Second, for Leibniz “the best of all possible worlds” embodies the highest possibilities because it constitutes the fullest set of present and future actualities. Moreover, God’s benevolent providence for the world takes the shape of a kind of predetermined harmony among all actual and potential things. Smith (and his fellow Scots political economists) embraced the idea of a ‘natural order of things’ in which divine providential intervention—in the form of the ‘invisible hand of the market’—helps actualize the world’s highest possibilities.

However, this sort of theodicy implies that the whole of created reality is no more than the totality of actual events (past, present and future) and that as such there are no other potentialities that could lead to alternative actualities. Since market activity represents active human cooperation with God’s intervening providence in pursuit of happiness and prosperity, the institutions and practices of commercial society as advocated by Smith are assumed to embody both God’s plan for the world and human striving for self-fulfilment. In consequence, Smith’s idea of an immanent and ‘finitized’ providential arrangement precludes any order other than that which is produced by the ‘invisible hand of the market’. This, coupled with Ockham’s idea of natural laws imposed through absolute divine power, curtails human agency and raises questions about how humanist Smith’s political economy really is. Perhaps the rehabilitation of Smith’s project is not so progressive after all.

Taken to its logical conclusion, his account makes the market—regulated by the state—both necessary and sufficient for the attainment of human happiness and the general interest. Compared with his contemporaries in the Italian Enlightenment, what is striking is the extent to which Smith is committed to the state and market and just how suspicious he is of intermediary institutions of civil society like trading guilds. Indeed, there is in Smith's political economy a primacy of the logic of contract based on market exchange and the commercial society over the logic of gift-exchange based on reciprocal trust and mutual giving. The former merely requires the weak, thin ties of public virtue, whereas the latter is confined to the strong, thick bonds of family and friends. It is this shift from the Italian Renaissance tradition of civil economy to the Scottish Enlightenment tradition of political economy which I explore in the final section.

4. FROM CIVIL TO POLITICAL ECONOMY

Since divine providence underpins the market mechanism, Smith's conception of theodicy links justice to the operation of a commercial society. Contrary to crude caricature, the latter's moral philosophy and political economy are not limited to the atomism of narrow self-interest or an alienating division of labour. In fact, Smith himself rejected the atomism of early modern political economy, which we owe to Mandeville, Hobbes and Locke, in favour of a richer anthropology centred on moral sentiments, relational knowledge as well as private and public virtues³². But he views the market as unconstrained by the strong bonds of interpersonal ties and in some sense prior to the sociality which market relations make possible, as I have already hinted at. For Smith, only the liberty and equality of commercial society generate the trust on which fellow-feeling and social bonds depend.

In this manner, he introduces a double split: first, between the quest for happiness and the exercise of virtue; second, between private, moral virtues such as prudence and benevolence, on the one hand, and public, civic virtues such as liberty and equality, on the other hand. As such, he departs from the emphasis in the Italian Enlightenment on the mutual sympathy that binds together what we now call civil society and the market—a civic economy wherein market exchange is embedded in relations of mutuality and reciprocity. For instance, Paolo Mattia Doria defines "commerce as *mutuo soccorso*"; mutual assistance [...] that] requires both liberty and security of contracts, which in turn depend on trust (*fede*) and justice"³³.

Contrary to the Neapolitan School, Smith is adamant that the virtues of sympathy and benevolence only operate at the micro level of interpersonal relations, producing strong, thick bonds between individuals bound together by personal ties of family or friendship. Unlike the Neapolitan account, sympathy and benevolence are absent from the macro level of

weaker, thinner ties among individuals who are not bound together by personal bonds: "Men, though naturally sympathetic, feel so little for one another, with whom they have no particular connection, in comparison of what they feel for themselves; the misery of one, who is merely their fellow-creature, is of so little importance to them in comparison even of a small inconvenience of their own"³⁴. Smith's emphasis on "cooperation without benevolence"³⁵—a recurrent theme linking the *Theory of Moral Sentiments* to the *Wealth of Nations*³⁶—has profound implications for exchanges in the marketplace where agents treat economic relations as an instrument to attain self-interested objectives. The practices of production, trade and consumption are sundered from mutual sympathy and benevolence. As a result, only divine intervention can providentially blend self-interest and instrumental relations with the pursuit of efficiency and public happiness.

Moreover, market relations are now seen as the precondition rather than the outcome of sociality. Indeed, Smith writes that

society may subsist among different men, as among different merchants, from a sense of its utility, without any mutual love or affection; and though no man in it should owe any obligation, or be bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation [...] Society, however, cannot subsist among those who are at all times ready to hurt and injure one another [...] Benevolence, therefore, is less essential to the existence of society than justice³⁷.

In this light, one can suggest that Smith's anthropology hovers halfway between Bernard Mandeville's dubious claim that public virtue is somehow the unintended consequence of private vice, on the one hand, and the Neapolitan insistence that the civic institutions and virtuous practices of civil life are indispensable for transforming the individual pursuit of self-interest into public happiness, on the other hand.

Smith's defense of commercial society provides a key thematic link between the *Theory of Moral Sentiments* and the *Wealth of Nations*. In the former, the market as a universal human institution is a precondition for the free exercise of private virtues. In the latter, the market as a universal mechanism of resource allocation is a precondition for the free pursuit of the "natural propensity to truck, barter and exchange" in ways that are individually and collectively beneficial. As such, only a commercial society is capable of overcoming the hierarchical, vertical and iniquitous relations of feudalism in favour of egalitarian, horizontal and just relations of capitalism. In fact, Smith champions commercial society as a concrete instantiation of both social and moral progress, "valuable not only because it creates wealth, but also because of the nature of market relationships: 'Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow citizens'"³⁸.

Yet at the same time, Smith's commercial society weakens the thick, strong relations of Genovesi's civil economy by supplanting intermediary associations. Smith's critique of fraternities, guilds and a host of other self-regulating institutions is well-known. In the name of market exchange, he condemns such and similar intermediary bodies as obstacles to public well-being. That's what lies behind the famous statement in the *Wealth of Nations* that

people of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices [...]. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary³⁹.

By contrast, a proper civil economy is organized around the primacy of human relationships which reflect the relational nature of all created beings and engender associations at all levels of life—from the family and the household via neighbourhoods and local communities to regions, nations and the polity.

Crucially, Smith's insistence on the instrumental nature of human self-interest and the market mechanism leads him to separate the economy from the civic virtues which embed markets, govern civil economy and pursue the common good in which all can share. The common good so configured transcends the artificial gulf between the individual sphere and the collective realm. Likewise, civic virtues such as reciprocal assistance and mutualism, which are ultimately grounded in the logic of gift-exchange, cut across the equally artificial division of private and public values. By 'dis-embedding' the market from the relational framework of human relations and associations, Smith abandons the language of virtue with Genovesi and economy. Even though he shares the language of virtue with Genovesi and other representatives of the Neapolitan school of civil economy, Smith's insistence on the autonomy of market exchange within the framework of a commercial society shifts the focus away from the gratuitousness of gift-exchange to the contractuality of commercial market exchange.

CONCLUDING REMARKS

Smith's modern project of political economy marks a decisive break from the Renaissance and Romantic vision of civil economy that was expressed by figures as diverse as Vico, Genovesi and Cudworth. Arguably, this break is also part of a wider split within the European Enlightenment between a more metaphysically realist Romanticism and an ontologically transcendentalist idealism that is paradoxically compatible with the scientific positivism and

the hedonic utilitarianism which came to shape modern economics. What transcendental philosophy and positivist science share in common is a fundamental dualism between pure nature and the supernatural.

At the level of economics, this translates into a separation of human conduct and divine gift. Smith's theological debt to Newtonian divine physics, coupled with elements of Jansenist Augustinianism and Leibnizian theodicy, underpins his whole moral philosophy and political economy—notably his questionable claim that market exchange should not be constrained by strong, thick ties of interpersonal relations and the exercise of both private, moral and public, civic virtue.

NOTES

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7. John Ray, *The Wisdom of God Manifested in the Works of the Creation*, 4th ed. (London: JB for Sam. Smith, 1704); William Derham, *Physico-Theology, or A Demonstration of the Being and Attributes of God from His Works of Creation*, 3rd ed. (London: A. Strahan, T. Cadell & W. Davies, 1798 [orig. pub. 1713]); William Paley, *Natural Theology, or Evidences of the Existence and Attributes of the Deity Collected from the Appearances of Nature*, ed. Matthew D. Eddy and David M. Knight (New York: Oxford University Press, 2006 [orig. pub. 1802]).
8. Isaac Newton, *Optics*, iii, 264, quoted in Sergio Cremaschi, "Newtonian Physics, Experimental Moral Philosophy and the Shaping of Political Economy," in Richard Arena, Sheila C. Dow and Matthias Klaes, eds., *Open Economics: Economics in Relation to Other Sciences* (London: Routledge, 2009), pp.73–94 (74).
9. Adam Smith, *Lectures on Rhetoric and Belles Lettres*, ed. J. C. Bryce (Oxford: Oxford University Press, 1983), ii, pp.134–5.
10. Adam Smith, *The Theory of Moral Sentiments* (New York: Prometheus, 2000 [orig. pub. 1759]), Vol. III, 5, 7, pp.234–5 (henceforth abbreviated in this chapter TMS).
11. TMS, VI, iii, 3, p.346 (italics added).
12. On the links between Ockham, Galileo and Newton, see Alessandro Ghisalberti, *Medioevo teologico: categorie della teologia razionale nel Medioevo* (Rome: Laterza, 1990), pp.147–62; Sergio Cremaschi, "Two Views of Natural Law and the Shaping of Economic Science," *Croatian Journal of Philosophy*, Vol. II, No. 5 (2002): 181–96.
13. On the link between Newton's divine physics and Smith's political economy, see Cremaschi, "Newtonian Physics, Experimental Moral Philosophy and the Shaping of Political Economy," pp.88–93.
14. Arguments in favour of and against this thesis can be found in Deborah A. Redman, "Adam Smith and Isaac Newton," *Scottish Journal of Political Economy*, Vol. 40, No. 2 (1993): 210–30; A. M. C. Waterman, "Economics as Theology: Adam Smith's Wealth of Nations," *Southern Economic Journal*, Vol. 68 (2002): 907–21; Leonides Montes, "Smith and Newton: Some Methodological Issues Concerning General Economic Equilibrium," *Cambridge Journal of Economics*, Vol. 27, No. 5 (2003): 723–47.
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16. Bruno Latour, *Nous n'avons jamais été modernes: essai d'anthropologie symétrique* (Paris: Editions La Découverte, 1991), trans. Catherine Porter (New York and London: Harvester Wheatsheaf, 1993).
17. On Suárez, see Jean-François Courtine, *Suarez et le système de la métaphysique* (Paris: Presses Universitaires de France, 1990); J.-F. Courtine, *Nature et Empire de la Loi. Etudes suarézianes* (Paris: Vrin, 1999); Jacob Schmutz, "La doctrine médiévale des causes et la théologie de la nature pure (XIII–XVIII siècles)," *Revue thomiste* 101 (2001): 217–64; Adrian Pabst, *Metaphysics: The Creation of Hierarchy* (Grand Rapids: Erdmans, 2011), chap.

7. On 17th-century natural theology in relation to Smith, see the chapter by Peter Harrison in this volume.
18. St Augustine of Hippo, *De Civitate Dei (On the City of God)*, (Cambridge: Cambridge University Press, 1998), XIX, 15, pp.909–64.
19. In his *Enchiridion* composed in c. 422–3, Augustine writes: "And in the universe, even that which is called evil, when it is regulated and put in its own place, only enhances our admiration of the good; for we enjoy and value the good more when we compare it with the evil. For the Almighty God, who, as even the heathen acknowledge, has supreme power over all things, being Himself supremely good, would never permit the existence of anything evil among His works, if He were not so omnipotent and good that He can bring good even out of evil. For what is that we call evil but the privation of good?" Augustine, *Enchiridion de Fide, Spe et Caritate*, CCSL Vol. 46, ed. M. P. J. van den Hout, M. Evans, J. Bauer, R. Vander Plaetse, S. D. Ruegg, M. V. O'Reilly, R. Vander Plaetse, and C. Beukers (Turnhout: Brepols Publishers, 1969), chap. 11.
20. TMS, VI, iii, 3, p.346. This passage is also key to Smith's conception of theology. See below, main text.
21. Gilbert Faccarello, *Aux origines de l'économie politique libérale: Pierre de Boisguilbert* (Paris: Editions Anthropos, 1986); Jean-Claude Perrot, *Une histoire intellectuelle de l'économie politique, XVII–XVIII^e siècle* (Paris: Editions de l'HESS, 1992).
22. Waterman, "Economics as Theology: Adam Smith's Wealth of Nations," 907–21.
23. TMS, II, iii, 3, p.153.
24. On Augustine's metaphysical and political theology that underpins his account of the state as *remedium peccatorum*, see my "Wisdom and the Art of Politics," in Adrian Pabst and Christoph Schneider, eds., *Encounter between Radical Orthodoxy and Eastern Orthodoxy: Transfiguring the World through the Word* (Aldershot: Ashgate, 2009), pp.109–37. See also reflections on heaven in Saint Augustine's *De Civitate Dei* by the late Emile Perreau-Sausine, "Heaven as a Political Theme in Augustine's *City of God*," in Markus Bockmeuhl and Guy G. Stroumsa, eds., *Paradise in Late Antiquity: Jewish and Christian Views* (Cambridge: Cambridge University Press, 2010), pp.179–91.
25. A. M. C. Waterman, "Is 'Political Economy' Really a Christian Heresy?" *Faith & Economics*, Vol. 51 (2008 spring): 31–55.
26. Although such a utilitarian description of Smith may seem anachronistic, it is nonetheless warranted by the TMS: "This universal benevolence, how noble and generous so-ever, can be the source of no solid happiness to any man who is not thoroughly convinced that all the inhabitants of the universe, the meanest as well as the greatest, are under the immediate care and protection of that great, benevolent and all-wise Being, who directs all the movements of nature, and who is determined, by his own unalterable perfections, to maintain in it at all times the greatest possible quantity of happiness" (TMS, VI, ii, 3, p.345).
27. On this point my reading resonates with the account of Smith given by Stefano Zamagni and Luigino Bruni in their seminal book on civil economy and civic humanism which I read only after completing the initial draft of this paper. See Luigino Bruni and Stefano Zamagni, *Civil Economy: Efficiency, Equity, Public Happiness* (Barn: Peter Lang, 2007), esp. pp.101–7.
28. John Milbank, *Theology and Social Theory: Beyond Secular Reason* (Oxford: Blackwell, 1990), p. 30.

29. Milbank now argues that David Hume thought through nominalism to its very limits and outlined a proto-Romantic path to some form of metaphysical realism. See John Milbank, "Hume versus Kant: Faith, Reason and Feeling," *Modern Theology*, Vol. 27, forthcoming.
30. *TMS*, VI, ii, 3, p345.
31. *TMS*, III, 5, p235.
32. I am indebted to my colleague Roberto Scanzieri for many engaging and illuminating conversations in the course of which I have learned more about Smith's epistemology and social theory than this paper can do justice to. I fully agree that Smith rejects both ontological atomism and epistemological subjectivism. Professor Scanzieri's work on mirror images and reflexive knowledge in Smith is crucial on these issues. See, *inter alia*, his "House of Mirrors, or Congruence by Reasoning? Perspectives on The Theory of Moral Sentiments," paper presented at the 12th SCEME Seminar in Economic Methodology, University of Stirling, 25 April 2009. I remain, however, skeptical about Smith's theory of reasoning through induction by analogy precisely because of his commitment to Newtonian natural theology and Ockhamist ontological nominalism. Without an intelligible cosmic correlate (in particular the theologically grounded Neo-Platonist theory of natural law that links the metaphysically grounded Neo-Platonist theory of natural law that links the danger is that social mirrors cannot overcome the *apororia* between inalterable nature and human artifice. Moreover, Smith's 'impartial spectator' embodies a voluntaristic kind of natural law that lacks substantive content. In the end it reflects divine volition that overrides historical processes and social realities.
33. Robertson, *The Case for the Enlightenment*, pp201–405 (quote at 334). I have argued this at greater length elsewhere. See my "Can Contracts be Trusted? Relationality, Sympathy, and Mutuality in Rival Traditions of Civil Economy," in Adrian Pabst, ed., *The Crisis of Global Capitalism: Pope Benedict's Social Encyclical and the Future of Political Economy* (Eugene, Ore.: Cascade, 2010), forthcoming.
34. *TMS*, II, ii, p125. As Luigino Bruni and Robert Sugden have shown, Smith's conception of friendship is akin to Aristotle's *philia*, i.e., intimate, selective and exclusive. By contrast, Genovesi views friendship in terms of fraternity which is open, mutual and universal (marked by goodwill, friendliness and mutual respect). See Luigino Bruni and Robert Sugden, "Smith and Genovesi Compared: Market and Sociality," paper presented at the workshop "The Theory of Moral Sentiments and the Human Sciences" convened by Robert Scanzieri and Stefano Zamagni at the University of Bologna on 11 December 2009.
35. *TMS*, II, iii, 2, pp141–51.
36. *TMS*, II, ii, 1–3, pp112–32 and VI, i–ii, pp307–48; *WN*, I, ii, 2.
37. *TMS*, II, ii, 3, p124.
38. Bruni and Sugden, "Smith and Genovesi Compared: Market and Sociality". The reference to Smith is *WN*, pp26–7.
39. *WN*, I, x, 2, p117.

10 Man and Society in Adam Smith's Natural Morality

The Impartial Spectator, the Man of System and the Invisible Hand

Ross B. Emmett

Whatever the status and meaning of his "invisible hand", Adam Smith claims that a *visible hand* may control our actions in society'. The visible hand, belonging to the *man of system*, appears in *The Theory of Moral Sentiments* (hereafter *TMS*): "The man of system . . . seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board" (*TMS* VI.ii.17). Unlike the invisible hand, which is usually interpreted as operating to the benefit of everyone in society, the visible hand of the *TMS* is used to benefit *only* the man of system, who "is apt to be very wise in his own conceit; and is often so enamoured with the supposed beauty of his own ideal plan of government, that he cannot suffer the smallest deviation from any part of it" (*TMS* VI.ii.17).

My purpose is to develop an understanding of the operation of the visible hand in *TMS* that will contribute to our understanding of the operation of the invisible hand in the *Wealth of Nations* (hereafter *WN*). In order to do this, we will need to contrast the man of system—of whom Smith clearly does not approve, with the praiseworthy figure of the "wise and virtuous man", who in his public form is "prompted altogether by humanity and benevolence" (*TMS* VI.ii.17). To understand the contrast between these two figures, we will need to examine Smith's theory of moral development in *TMS* and, in particular, the "impartial spectator", whose study of human motivation through observation of the diversity of our actions shapes our capacity to both judge the motives of our present actions and inform our future ones. We will find that the *partiality* of the man of system's perspective not only limits his contribution, but makes his perspective detrimental to the benefit of society.

Our analysis of Smith's theory of moral development will raise the question: what social system would the "wise and virtuous man"—the man